

FILED

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION - DETROIT

2014 APR -1 A 901

U.S. BANKRUPTCY  
E.D. MICHIGAN-DETROIT

In the matter of:

CITY OF DETROIT, MICHIGAN

Case No. 13-53846-swr

Chapter 9

Debtor \_\_\_\_\_ /

Hon. STEVEN W. RHODES

**OBJECTION TO CITY OF DETROIT'S DISCLOSURE STATEMENT  
WITH RESPECT TO PLAN OF ADJUSTMENT [DOCKET 2709]**

FILED BY: WALTER CLEMENT

hereby states his/her/their OBJECTION TO:

CITY OF DETROIT'S DISCLOSURE STATEMENT WITH RESPECT TO PLAN OF  
ADJUSTMENT [DOCKET 2709]

for the following reasons.

1. I / we am/are interested in the Bankruptcy of the City of Detroit because

\_\_\_\_\_  
\_\_\_\_\_

2. I / we object to the above filing because:

\_\_\_\_\_  
\_\_\_\_\_

STEP MARCHED

3. I have/ have not attached additional sheets to explain and establish my position.

I hereby certify that the statements made herein are true and correct under penalty of perjury and contempt of Court under the laws of the United States of America.

Wherefore I/ we request the Court will deny the relief sought in said filing.

Name: WALTER CLEMENT

Signature: WALTER CLEMENT

Address: 16230 RONAN

DAT: 4/6/2014

Email: RANGRIZ74@COMCAST.NET

Dated:

As a supervisor of 35 years, I retired with the belief that my income was established. I earned it.

In fact, to increase my monthly payout, I rolled over 25% of my sick time. Now, it appears that a significant portion of these funds will be lost.

With the cuts toward my pension, I will be forced to live a lower-class life; rather than the life I planned for this phase. Living in near poverty, I will more than likely suffer adverse health issues that will be worsened by the fact that I will be ineligible for Social Security and Medicare.

With the proposed cuts I would be unable afford living expenses, medical expenses, taxes, and the insurance on my Detroit home. Those expenses will go up as my reduced income also diminishes in value. I could eventually be forced to live a life as a homeless person.

Most importantly, I, along with my fellow pensioners, have dedicated my life to the service of the city of Detroit. Yet, the emergency manager is choosing to punish us for the economic failures of the city of Detroit. Why are we being held as culpable?

I have prepared several objections and solutions to the Emergency Manager's Bankruptcy proposals.

1. I question the veracity of the proposed cuts to my pension. Per the Social Security Michigan Section 218 Agreement, if a public pension plan does not exist, then coverage may be mandated by law. All governmental employees are subject to Old Age, Survivors, and Disability Insurance (OASDI) social security tax, for wages paid after July 1, 1991.
2. An agreement was made by the City of Detroit, State of Michigan and the Federal government whereby the City will provide that public retirement system in lieu of Social Security. It is requirement by the federal government that a government employee must be covered by a public retirement system.
  - a. "public retirement system must meet the standards of coverage as provided in section 31.3121(b) (7). A public retirement system must meet standards for a minimum benefit or minimum contribution as well as meeting other vesting requirements. Regulation 31.3121(b) (7)-2(e) and Revenue Procedure 91-40 explain the requirements for a public retirement system."

Objection 1.

1. That any municipality is not allowed to withhold 'social security payment' to the government.
  - a. In that the City was required by law to create a public retirement system, any 'withholding' of funds to this system, which is our 'social security,' is against the law.
    - i. Therefore, city of Detroit and the EM is in violation of federal law by taking away from what they were legally bound to create.
  - b. To reiterate, had the City of Detroit been required to withhold social security taxes for police and firefighters, they could not arbitrarily withhold those funds.
  - c. The EM taking these funds is equivalent to withholding funds collected for social security and federal income taxes. As with social security, our pensions should not be subject us to; nor vulnerable to penalty.
  - d. Our wages were cut several times and the city did not use those cuts to pay into the public pension system.
  - e. Under a federal agreement, the City of Detroit failed to follow federal law when they chose not to pay into the pensions; which they were required to do.

The Emergency Manager has attacked and accepted the position the city did not pay into the pension. Therefore, the city of Detroit should stop paying federal social security taxes for its current employees. In fact, that is as illegal as not paying into our pension, which is equivalent paying social security tax.

Solution 1.

1. The Emergency manager should sell the Detroit Zoo. It is not located within the City of Detroit.
  - a. The Emergency manager is able to sell city assets.
  - b. Sell the Detroit Historical Museum

Solution 2.

1. Do not cut the pension; which we have earned. Transfer ownership of the Detroit Tunnel to a City/Pension ownership.
  - a. Profits will fund the pension and any excess will go towards a City of Detroit account.

Solution 3.

1. Water Department: The Emergency Manager stated in an interview with the Michigan Chronicle, "We were going to create an authority, which would essentially lease the department and operate it and pay the city a lease payment. That would be \$47 million a year. Our county partners don't want to do that. That's fine. So we are going to move away from the lease concept more to a contract. There are operating contractors out there who would bring greater efficiency to the system."
  - a. The most critical element of the water department is effective management.
2. Negotiating your own property to a third-party is an irrational business model. It can be likened to Toyota starting negotiations with the Americas because we are buying their cars. The success of a company is effective management.
3. Create an effective management team to manage the water department.
  - a. Since our pension management team have skills to manage a successful operation, place members of the pension board, City of Detroit and corporate bank executives, to select and hire a water department manager. This water management team will be employed by the city just as the chief of police is employed to manage the police department.
  - b. The police/fire pension will hold a 50% vested interest in the water board. The pension system would receive 30% of the profits.
4. With these solutions restore pensioners retire income and benefits.
  - a. Place retirees in a group medical coverage. Currently the current medical payments are cost prohibitive and without Medicare, the future cost will be financially destructive.

Here is the financial breakdown

In conclusion, my pension is \$3,600 per month. With the discount rate of 5% within one year, I will receive \$3,428.57 per month. In fifteen years, I will be 75. At the rate of 5%, the monetary value of the money would be \$1,502.15. With no social security and no Medicare, the monthly expenses of rent, utilities, food and health care will be insurmountable.

Instituting these recommendations will restore viability in city operations and prevent financial destruction and the filing of personal bankruptcy protection by retirees.

